European Communities Commentary

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How the Community works

1 The Commission and the Council

by J. F. J. Jardine, Europe Industry and Technology Division, DTI

This is the first in a series of articles which, we hope, will help provide the businessman with the background knowledge he will need to make the most of the many opportunities available to industry and commerce for influencing Community decisions. The first two articles will cover the composition and functions of the main Community Institutions; the third will explain how Community law is made and how it takes effect in the United Kingdom; and subsequent items will go in more detail into the ways in which the work of the Commission is organised and in which industry in the Community organises itself to deal with the Community Institutions. The present article considers the roles of the Commission and the Council.

It is convenient to look at these two Community Institutions alongside one another because a good deal of their work is complementary. Their roles have not infrequently been defined in some such nutshell as 'the Commission proposes and the Council disposes', but this is very much an over-simplification of the true position. It is also misleading to regard the Council as the governing body of the Community and the Commission as its civil service.

A general view of the first meeting of the Council of Ministers of the Nine on January 15, 1973. Photo: European Community Information Service.

The Commission

Let us look first at the Commission. Heading—or strictly speaking, constituting—the Commission, are thirteen Commissioners: two each from the United Kingdom, Germany, France and Italy, and one each from Belgium, the Netherlands, Denmark, Ireland and Luxembourg. The Commissioners are appointed by the Governments of the Member States for four-year, renewable, terms, with the President and five Vice-Presidents holding office for two-year, renewable, terms. Although appointed by the Member Governments, the Commissioners are not the representatives of the Governments which appoint them. They are required, in the general interest of the Community, to be completely independent in the performance of their duties, and they may neither seek nor accept instructions from any Government or other interested body. Each of the thirteen Commissioners is responsible for one or more of the main Community activities (for example, the two British Commissioners, Sir Christopher Soames and Mr. George Thomson, deal, respectively, with external relations and regional policy), but they act as a collegiate body, responsible collectively for all the actions of the Commission, reaching their decisions on the basis of simple majority voting.

The Commission has four main roles. Firstly, it ensures that the provisions of the Treaties and the measures taken by the Community Institutions under the Treaties are applied and it functions here as a kind of Community watchdog or 'guardian of the Treaties'. Secondly, it initiates Community action, proposing policies and drafting the legislation for implementing policies after their approval by the Council. Thirdly, through its presence at Council meetings, it fulfils the role of mediator between the Member Governments, and frequently amends its proposals in the light of Council discussions, with the aim of arriving at a

compromise acceptable to all the Member States. Broadly within this third role, and on the basis of mandates endorsed by the Council, it also acts as a negotiator for the Community—eg, in international trade negotiations. Fourthly, the Commission has certain powers of decision in administering Community rules, and it has a limited power (subject to a measure of Council control) to legislate; this power is used mainly in the detailed implementation of the Common Agricultural Policy. Each Commissioner has his own personal 'Cabinet', the five or six members of which are appointed personally by the Commissioner, and can, and do, speak and negotiate with the full authority of their Commissioner. Their function therefore is significantly different from that of the Private Secretaries staffing the Office of a Minister of the Crown in the United Kingdom.

The Commissioners are supported by an administrative staff of some 5,000, organised in 19 Directorates General, and located in Brussels, mainly in the Berlaymont Building. At all but the very junior levels, the nationalities are carefully balanced and intermixed, so that the senior and junior colleagues of a particular official will almost invariably be of a different nationality from his own. And, at the top level, the Directors General are of a different nationality from the Commissioners to whom they are directly responsible. Like the Commissioners, the individual members of the Commission staff are expected to act at all times solely in the interest of the Community.

In working out its proposals for Community policies and legislation, the Commission is under no formal obligation to consult anyone, whether Member State or outside interest, but in practice both the Commissioners and Commission officials consult widely with Member States and with Community organisations likely to be affected by the Commission's proposals. The Commission's interest in the views of the Member States is, of course, related, in part at least, to the subsequent discussion of the Commission's proposals within the Council. It would be quite wrong, however, to think that the Commission's sole aim is to put forward proposals which represent the lowest common denominator of agreement among the Member States. It is very much concerned to initiate Community action which it regards as being in the general interest of the Community, and it is no less eager for the views and opinions of outside organisations than it is for the views and opinions of the Member States. But while the Commission's door is very much open to the individual Community businessman, the proposals which are likely to carry most weight are those which are expressed on a Community-wide basis. It follows that the British businessman who wants to influence or stimulate Commission action can best do so via his own Government (preferably through his Trade Association if the matter is an industry matter) and via the Community-wide body representing his particular interest.*

The businessman may, then, seek contact with the Commission with the aim of influencing Community policy while it is still in draft. He may also, of course, find himself in direct contact with the Commission after the policy has been promulgated—on matters arising out of its role as the guardian of the Treaties or resulting from its executive actions in implementing Community law: for example, in administering the Community's rules designed to ensure free and fair competition in trade between Member States. A word in this connection. To the outsider the Commission may well seem rather remote and bureaucratic, and the glassy vastness of the Berlaymont Building does nothing to dispel the impression. Inside the building, however, the visitor will find a friendly readiness to listen, and, if he be from the UK, it helps that English is fairly widely understood and spoken.

The Council

As has already been indicated, the Council of Ministers is the decision-making body of the Community for all major matters. There are two main limitations on its actions. Firstly, all its actions must fall within the scope of the Treaties, although even here the Council can, under Article 235 of the EEC Treaty, decide unanimously on a proposal from the Commission to take whatever action is necessary to attain Community objectives when specific powers are not provided for in the Treaty. Secondly its decisions, except in a very few narrowly defined areas, have to be based only on proposals from the Commission.

The Council is composed of Ministers from each of the Member Governments of the Community, and, in contrast to the Commissioners, these represent the interests of their Government in the Council. Normally only one Minister attends each Council meeting, but more may do so, and it is up to the Member Government to decide which Minister, or Ministers, it will send. The Commission is always present at Council meetings, and, though, as has been mentioned earlier, it has no formal voice in the decision taking, it often plays an important part in the decision making. For most matters, the Treaties provide for decisions to be taken by majority voting, but in certain cases a unanimous vote is required. For instance, if the Council wishes to make an amendment to Commission proposals, and, the Commission is not prepared to accept the amendment, the Council's decision must be unanimous. In practice, however, the Council invariably continues its deliberations until a compromise has been reached on which all can agree.

Much of the Council's work is done in the meetings of the Committee of Permanent Representatives (COREPER), on which the Member States are represented by their Permanent Representatives in Brussels, who have ambassadorial rank. Matters of lesser importance are similarly dealt with in the meetings of the Deputies of the Permanent Representatives, and questions of a specialist or technical nature are often considered in Council Working Groups, on which Member States are represented by appropriate experts. It will be seen, therefore, that Commission proposals which go to the Council are usually fully discussed among officials from the Member States before they are taken in the Council at Ministerial level. Ministers meeting in the Council can, if they so wish, refer matters back for further discussion by the Permanent Representatives or they can ask the Commission to come forward with modified proposals. And the Commission itself can also take the initiative in amending its proposals at any time before the Council has reached a final decision.

On almost all matters of importance the Council takes its decisions in the light of the opinions on the Commission's proposals from the European Parliament and from the Economic and Social Committee of the Community. The nature and functions of these two Institutions will be dealt with in the next article in this series.

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*** The arrangements for Community-wide representation available to individual industries and other organisations, and the way in which proposals for Community legislation are developed and processed within the Commission, will be explained in more detail in later articles in this series.**

Removing technical barriers to trade within the Community: action under Article 100

by S. W. Freemantle, Standards Weights and Measures Division, DTI

During the past few months British industry has been busy learning a whole new jargon and the rules of a new game. The jargon contains terms such as 'optional harmonisation', and the game is the preparation of directives under Article 100 of the Treaty of Rome. In a sense, it is a game in which everyone is playing on the same side. All the Member States of the Community are anxious to get rid of the technical barriers that hamper their trade. The faster this is done, the better they are all pleased. On the other hand, the precise way in which it is done in a particular case can have important advantages or disadvantages for a particular country or a particular industry.

Some industries have already been thrown in at the deep end. During the run-up period to the United Kingdom's membership of the Community, they found themselves enmeshed in negotiations which vitally affected them: they had to learn fast. Other industries are more fortunate. Either they are now coming in at the beginning of the process, and therefore have plenty of time in which to learn, or, in many cases, their interests are not yet involved. But, sooner or later, most of British industry will be affected in one way or another by the directives issued under the authority of Article 100 of the Treaty of Rome. And, in this context, 'industry' includes the food-processing and packaging industry, as well as manufacturing industry at large. The table on page 4 lists the general subjects on which the Community is likely to be working over the next five years.

This article attempts to explain how the directives are prepared, processed and implemented; why these activities are important to British industry; and what industry itself can do to influence the outcome. The main provisions of individual directives, and the main actions that will be taken in implementing them, will be covered, as appropriate, in future issues of *European Communities Commentary*.

The origins of the problem

In modern society, Governments accept responsibility for protecting the safety and health of work people and of the community at large, for protecting consumers against fraud and for protecting the environment in which we live. This leads to a whole mass of legislation which determines what conditions goods must meet before they can be put on the market. But if the technical requirements laid down in this legislation differ from one country to another, or if the method of enforcement is such as to make life more difficult for importers, it creates what is now called a 'technical barrier' to trade. With the reduction in tariff barriers and quota restrictions, these technical barriers have become increasingly important. Within the Community, where tariff and quota restrictions are being swept away to create a 'Common Market', technical barriers now represent the biggest single obstacle to creating a truly unified market.

Action within the Community

The attack on the technical barriers within the Community is based upon Article 100 of the Treaty of Rome, which reads as follows:

> The Council shall, acting unanimously on a proposal from the Commission, issue directives for the approximation of such provisions laid down by law, regulation or administrative action in Member States as directly affect the establishment or functioning of the common market.
> The Assembly and the Economic and Social Committee shall be consulted in the case of directives whose implementation would, in one or more Member States, involve the amendment of legislation.

So far, Article 100 has been implemented on a piecemeal basis: no across-the-board approach has yet been tried. A programme of directives, each covering a particular product or product sector, has been drawn up, and is likely to require a total of some 250 to 350 directives in all. Up to the present, including the 12 that were approved by the Council at their meeting on December 19, 1972, only 37 have been adopted. Thus, in contrast to the situation in the agricultural field, where the Community's rules and regulations have already been established in great detail, the United Kingdom has joined the Community while action on technical barriers is still at the formative stage, and has therefore a full opportunity to influence the direction of this work. Consideration is being given to ways in which the process could be streamlined and speeded up, but this review will be restricted to describing the present arrangements only. However, it is worth noting that, at the instance of the British Government, the Communique issued after the Summit Conference in October 1972 gave, under the heading of *Industrial, Scientific and Technological Policy*, pride of place to the removal of technical barriers to trade. It was then agreed that a 'programme of action, together with a precise time-table and appropriate measures', should be drawn up by the end of 1973. It is hoped that this will lead to a thoroughgoing review, both of the priorities within the General Programme and of the way in which the programme is tackled.

The present method of removing technical barriers is inherently slow, cumbersome and costly; but, of course, the advantages, once obtained, will continue indefinitely, whereas the costs are a once-for-all liability. The Department of Trade and Industry has launched an inquiry which is designed to show in which industries the technical barriers—especially the barriers within Europe—make the most significant difference to the cost of manufacture and export. This should make it possible to judge which are the areas where the removal of technical barriers offers the best return for the resources required and which areas can with advantage be left until later.

Although the term 'directive' is used both in Article 100 of the Treaty of Rome and in common parlance, it could be misleading. The requirement for unanimity means that, whatever their form, the directives adopted under Article 100 represent a consensus of agreement among the Member States. The proposals must come from the Commission, but it is the Member States which decide.

Preparation and processing of directives

The Commission normally establishes a working group to assist it in preparing each draft directive or group of draft directives. The usual practice is to invite all the Member States to nominate experts to serve on this Working Group, and representatives of European industry, and of any other group which the Commission feels has an important interest, are also sometimes invited. The Commission is not bound by whatever the Working Group may recommend; it is for the Commission itself to decide what proposals to put forward. But the Commission has found from experience that its proposals are unlikely to get through the Council machinery unless they have the support of the Government representatives on the Working Groups.

The next stage is that the Commission formally submits its proposal to the Council of Ministers, though at this stage it does not go anywhere near the Ministers themselves. First, the proposal is referred for advice to the European Parliament (the Assembly) and to the Economic and Social Committee, which have solely recommendatory powers. When this advice has been received, the proposal is examined with a fine-tooth comb by officials of the Member States, who haggle over it and amend it as necessary in order to obtain a text which is acceptable to all the Governments concerned. This is a process that has, in the past, taken anything between six months and several years, and by the end of it the draft may well have been changed out of all recognition.

Most of the discussions between officials of Member States take place in the 'Group on Economic Questions'* or in ad hoc groups established by that Group to deal with particular directives. From there the text is forwarded to the Committee of Permanent Representatives (COREPER). If the text has been agreed at the Group on Economic Questions level, these higher-level committees accept it without discussion. But if there are still points in dispute, it is their task to resolve them by some means or another. Only after unanimous agreement has been reached at the official level are the proposals normally put in front of the Council of Ministers themselves. They are then usually adopted without discussion.

Since the Ministers are spokesmen of their governments, the requirement for unanimity under Article 100 means that each directive must be accepted by all nine governments. A single objection on a single point is sufficient to block a whole directive. On the other hand, in view of the importance attached to this activity, there is a very strong pressure on the governments concerned to find some basis for agreement. A technique which was developed by the Committees of the Council last year is to group together several directives on which only a relatively small number of issues are still in dispute and to deal with them as a 'package'. Since each country sees advantage to itself in some part of the package, it is more willing to make concessions on disputed points which are not vital to its interests, or to health and safety, in order to allow the package as a whole to go forward for adoption.

Once a directive has been adopted, it is formally 'notified' to all the Member States of the Community by the Secretariat of the Council and published in the *Official Journal* in all the official languages of the Community. Sales of the *Official Journal* are handled in the United Kingdom by HMSO.

Entry into effect

Directives adopted under Article 100 do not have any immediate effect: they are addressed to the Member States, and the latter may implement them in whatever manner they find most convenient. Time therefore has to be allowed for whatever legislative or administrative actions are required. The normal period for this is 18 months* from the date when they are formally 'notified' to Member States by the Council Secretariat. In some cases, however, one or more Member States may be allowed a longer period in which to conform to a directive (the United Kingdom has already negotiated several arrangements of this kind), and there is, of course, nothing to prevent a Member State from aligning its national provisions with those of a directive in advance of the due date if it wishes.

Amendments

An amendment to an existing directive has to go through the same procedure as a new directive. However, some directives include a clause which authorises the adaptation of certain provisions, in the light of technical progress, by a Committee under the Chairmanship of the Commission, at which unanimity would not be required. The procedures for such committees and the scope of their authority are still being worked out.

Types of directive

Most of the directives that have been adopted so far—and most of those that are in the pipeline—are of what is known as the 'optional harmonisation' type. This means that they say 'Member States shall not prohibit the sale of products which conform to the specifications laid down in this directive'. Under this arrangement, each Member State can still permit, in its own territory, the sale of goods which do not conform to the specifications laid down in the Directive; but such goods will not necessarily be accepted by the other Member States. But some Directives, including most covering foodstuffs, establish 'total harmonisation'. These say 'Member States shall not allow the sale of any goods which do not conform to the specifications laid down'. Of course, it is easier to secure agreement to directives of the 'optional harmonisation' type. But there are some cases—for example the labelling of dangerous substances—where uniformity throughout Europe is essential if freedom of trade is not to mean an enhancement of danger.

Most directives are complete in themselves and stand on their own feet. In some cases, however, the same general provisions apply to a series of related products, although the particular provisions differ from one product to another. The general provisions are then grouped together into a 'general directive' and the particular provisions are laid down in a series of 'special directives' which refer to it. This technique has already been used for measuring instruments and it is the basis for the current proposals on pressure vessels.

The technical requirements may either be written into the directive itself (usually in an annex) or else they may be contained in a separate document to which the directive refers. Wherever possible, the Commission prefers to use existing specifications rather than go through the laborious process of writing its own. These specifications are drawn from a variety of sources. For example, the directives on motor-vehicle safety use the regulations prepared by the Committee of the UN Economic Commission for Europe; and the directives relating to the accuracy of weighing machines use recommendations prepared by the International Organisation for Legal Metrology. But most of the existing

Subjects on which work in the EEC is expected over the next five years:

Motor vehicles
Mopeds
Motor cycles
Agricultural and forestry tractors
Agricultural machinery
Measuring instruments
Methods of measurement
Units of measurement
Prescribed sizes for prepackages
Electrical equipment
Suppression of radio-interference
Textiles
Pressure vessels
Dangerous substances and preparations
Detergents
Lifting apparatus, lifts and cranes
Machine tools and other factory machinery
Oil and gas pipelines
Precious metals
Non-electrical heating, cooking and water-heating equipment
Fertilisers
Pleasure boats
Plastic tanks for road transport purposes
Cement and construction materials
Metal scaffolding
Cosmetics
Tableware and kitchenware
Composition of oil fuels
Toys
Packaging material
Hunting guns and ammunition
Equipment using ionising rays
Construction equipment
Protective clothing
Mechanical conveyors
Industrial expolsives
Educational material

*** The 'Working Party on Foodstuffs' for proposals on foodstuffs.**

*** Twelve months for foodstuffs, often with a further period before the national legislation is required to come into effect.**

specifications which are suitable have by now already been used in this way. Future progress will depend very largely on the rate at which the international standards-writing organisations (both Governmental and non-Governmental) can carry their work forward.

In the electrical field, another technique has been used. The directive on low-voltage electrical equipment, which was adopted in February 1973, laid down a series of methods for demonstrating the safety of electrical machinery, equipment and appliances. The most important of these is conformity with the safety aspects of a standard produced by a non-Governmental international standards body. In this case, the directive looks forward towards standards which have yet to be written.

Where a directive does not incorporate a technical requirement but refers to some other existing technical document, it is known as a (strict) 'reference to standards' directive. Where it looks forward to a standard yet to be written, the technique is known as 'renvoi aux normes' or 'general reference to standards'. However this technique poses some very difficult problems, solutions to which have not been found.

Responsibility within Whitehall*

While the negotiations for entry to the Community were still in progress, consideration was already being given to the kind of Governmental organisation that would be needed to safeguard British interests in this field if the negotiations were successful. There were two main possibilities. Either the work on these directives could have been centralised in one focal point to which advice and information would have been fed from Government and industry. Or else the responsibility could be decentralised. The second possibility was chosen. For it was felt that, although in the short run it would be easier to handle these problems centrally, in the longer term the advantage would lie in putting the responsibility for dealing with them upon the shoulders of the Departments and Divisions which were responsible for the related legislation in the United Kingdom and for the support of the industries that were likely to be affected. The indications are already that this decision was right. After a hectic 'learning' period, an awareness of the system and of how to uphold British interests in the working of that system has quickly spread throughout Whitehall. And it is believed that the arrangements for consultation with industry already work at least as well in this country as in any of the six original Member States of the Community.

Generally speaking, each proposed directive involves one Department with legislative responsibility (usually known as the 'regulatory department') and one department with responsibility for ensuring that the interests of the industry likely to be affected are taken into account (usually known as the 'sponsoring department'). These form a team and work closely together in the negotiations in Brussels. Some proposals involve more than one regulatory department and more than one sponsoring department. And in a few cases the same department is responsible both for the legislation and for relations with industry. But the principle is the same. The regulatory department with the main legislative responsibility usually takes the lead, since this is the department which will be chiefly concerned with implementing whatever is agreed and whose Minister will answer any questions in Parliament.

There is, of course, a need for overall co-ordination of these activities. For example, it is necessary to establish the individual negotiating teams and to ensure that they are working smoothly. It is also necessary to ensure that the United Kingdom is not adopting one line of policy in relation to one proposed directive and another line in another. And, as and when 'packages' of directives are formed for the resolution of outstanding points and submission to the Council of Ministers, there has to be one single Branch which can deal, in close co-operation with the regulatory and sponsoring departments, with the package as a whole. This co-ordinating Branch is in the Standards Weights and Measures Division of DTI (SWM1 Branch).

As an exception to the general arrangement outlined above, this Branch takes the lead, again in close consultation with the affected departments, in dealing with proposed directives which involve a number of different departments or where particularly important policy issues arise. Examples of this are the directive on electrical equipment which was formally adopted in February 1973, and the proposed 'General Directive on Pressure Vessels' which was submitted by the Commission to the Council early this year. This Branch also issues at intervals a 'check list' showing the latest state of play on the various proposed directives. This is circulated very widely. It enables any Government department or industry whose interest in a proposed directive had previously been overlooked to make its interests known and to be brought into the system of consultation. It therefore serves as a safety net in case the normal process of consultation is not fully effective.

Consultation with Industry

Throughout the period when a directive is being formulated by the Commission and subsequently discussed and amended by the officials within the committees of the Council, Government departments keep the industry or industries concerned informed and actively seek their views. This is the main channel by which the interests of an industry in a proposed directive can be brought to bear. The methods of consultation will vary case by case, and will be worked out jointly by the regulatory and sponsoring departments, but it is the latter department which has the final responsibility for ensuring that its industry is consulted; it should be approached if there is any failure of information or consultation on a proposed directive.

There is, of course, nothing to prevent an industry from making representations to the Commission direct. However, the Commission normally invites the European Federations of Trade Associations to take part in their Working Groups, or at least to comment on the successive drafts. Thus, during the formative stages of a proposal, it is important for British industry to feed its views into the Commission via the appropriate European federation for the industry that it serves. But once a submission has been formally submitted by the Commission to the Council, this channel has less direct effect. Although the Commission takes part in the meetings of officials, it is the representatives of the Member States who then decide.

In addition to briefing officials, representatives of British industry may be invited to play a direct part in the formulation of directives by attending meetings of Commission Working Groups, either as members of the United Kingdom team, or as representatives of their appropriate European trade federation. However, meetings of the Committees of the Council, at which the Commission's proposals are examined and amended, are confined to Government officials.

During the so-called 'interim period' between the signature of the Treaty of Accession and the date when our membership became effective, the Community was obliged to consult us about proposals for new directives, but there was no obligation to defer to our views. And we were at a disadvantage in various other ways: for example, there were no authentic English texts and the time

*** This section describes the system as it applies to industrial products. The system for foodstuffs is much simpler: MAFF both regulates the industry and looks after its interests; there is thus much less need for co-ordination.**

allowed for comment was very short. Now that the United Kingdom is a full member, we are entitled to receive all documents concurrently with the other Member States, and English versions of the draft directives should be produced concurrently with those in the other Community languages. It should therefore normally be possible to allow industry reasonable time for comment. In practice, however, there are bound to be times when industry is asked to comment on a revised draft, or on a particular point in a draft, at short notice. Where this occurs, it will be in industry's own interests to rise to the occasion. As in any other negotiation, prompt and effective briefing can make a major contribution towards a successful outcome.

As has already been mentioned, when the Commission submits a proposal to the Council of Ministers, it is immediately referred to the European Parliament and to the Economic and Social Committee for advice. The United Kingdom is represented in both of these bodies, and there is opportunity for industry to lobby members.

Standards picked up by directives

Some of the standards incorporated in or referred to by directives are prepared by international voluntary-consensus standards-writing bodies such as ISO and IEC and their European counterparts CEN and CENELEC. Where this is the case, the protection of British technical and commercial interests in the technical aspects of the directive is largely transferred from the meetings of officials at Brussels to the meetings of the standards bodies concerned. This makes it all the more important to ensure that British industry is well represented at their meetings. The involvement of EEC directives with standardisation has underlined once again that this subject must be a matter of prime concern to management, and it requires the active participation of the design and marketing experts.

Parliamentary scrutiny

While the European Communities Act was still being debated, the Government suggested that there should be a Select Committee to consider arrangements for Parliamentary scrutiny of proposals for Community 'secondary legislation'. Both Houses subsequently set up Select Committees to consider the procedure for Parliamentary consultation, and the First Report by the House of Commons Committee was published in February 1973. Following the Government's acceptance of a recommendation in this report, the United Kingdom Parliament is now being provided with statements which cover the policy and legal implications of Commission proposals.

Development of the system

The situation outlined in this article is still developing, and the machinery for ensuring that problems are dealt with both expeditiously and with the least possible inconvenience to industry is still being tested. Any proposals for improving the system of consultation with industry will be welcomed.

The EEC Trade Agreements with the EFTA countries: their role and some implications for United Kingdom trade

by P. R. Walker, Commercial Relations and Exports Division, DTI

On January 22, 1972, the Ministers of ten* European nations gathered at the Palais d'Egmont in Brussels to sign the Treaty of Accession. Six months later to the day, on July 22, 1972, the Ministers of sixteen European nations gathered in the same building to sign a series of Free Trade Agreements (FTA's) linking the enlarged European Economic Community with each of the countries remaining in the European Free Trade Association (EFTA). The FTA's would not have been possible, nor indeed necessary, without the Treaty of Accession and it is impracticable totally to divorce the one from the other. Both events have as a major objective the closest possible economic co-operation in Europe, and both are already having an important effect on the external trade of the United Kingdom.

This article concentrates mainly on the effects of the Agreements signed on July 22, 1972.

Progress to economic co-operation in Europe

To appreciate the significance of the EEC Agreements with the EFTA countries, and the important steps they represent in progress towards closer economic co-operation in Western Europe, it is necessary to look back first over a period of 15 years of European economic development.

Following the signing in March 1957 of the Treaty of Rome establishing the European Economic Community, a number of non-EEC nations, led by the United Kingdom, tried to form an all-Europe free-trade area to include all members of the OEEC. However, the Six members of the newly-formed EEC decided that internal development of the Community should take precedence over any moves towards wider economic co-operation. It was from this that the concept of the European Free Trade Association (EFTA) emerged. While accepting that the EEC wished at the time to concentrate on its own problems, the signatories of EFTA nevertheless indicated in their Agreement that part of their contribution '*to the harmonious development and expansion of world trade and the progressive removal of barriers to it*' would be '*the promotion of closer economic co-operation between the Members of the Organisation For European Economic Co-operation, including the Members of the European Economic Community*'.

On January 4, 1960, the Stockholm Convention establishing the European Free Trade Association was signed by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The signatories expressed their determination '*to facilitate the early establishment of a multilateral association for the removal of tariff barriers*', and they listed, as one of their major objectives, '*to secure that trade between Member States takes place in conditions of fair competition*'.

In March 1961 Finland became an associate member of EFTA; she accepted the basic objectives of the Association,

*** Including Norway, who did not ratify the Accession Treaty**

The EEC and EFTA: a market of 16 countries and 300,000,000 people.

and began on July 1, 1961, to dismantle her protective import duties on EFTA industrial goods. Iceland joined EFTA as a full member in March 1970, and she too began to eliminate her protective duties.

With certain exceptions (mainly on Portuguese import duties) the removal of tariff barriers against industrial products traded between the original seven members of EFTA was achieved on December 31, 1966; Finland completed the elimination of her protective duties a year later at the end of 1967. By the end of 1972 (when the United Kingdom and Denmark withdrew from EFTA) Iceland had been an EFTA member for nearly two years and Portuguese tariffs had been reduced by 50 per cent. Substantially all trade in industrial goods between nine European nations was taking place under 'conditions of fair competition' and the removal of tariff barriers had become a reality. A major objective of the Stockholm Convention had been achieved.

While tariff dismantlement proceeded, some EFTA members, from an early stage, had the intention of seeking full membership of the EEC. Others, mainly those countries committed to a policy of neutrality, sought only closer trading relations. It was partly because of these differing interests and aspirations that EFTA deliberately excluded any far-reaching ideas of harmonising commercial policies or forming a full Customs Union.

The EFTA 'Club'

The limitations placed on the objectives of EFTA enabled the headquarters organisation in Geneva to remain small. A 'club' atmosphere quickly developed; difficulties were tackled in a relaxed atmosphere and with a willingness to compromise. Above all, each EFTA member learned to understand the problems of the others, and a firm foundation was laid for the harmonious development of lasting commercial and economic ties.

The economic strength of the United Kingdom and the importance of our market as an outlet for EFTA products were significant factors in the EFTA partnership. But so too were the markets of the other eight members as outlets for British exports. It was this close interdependence which contributed so much to EFTA's success. British goods entered EFTA markets free of duty, often with a tariff advantage over non-EFTA competitors. British exporters had grown accustomed to, and learned to benefit from, duty-free trade. **Invaluable experience was gained for subsequent free trading within the enlarged EEC.**

Preserving EFTA free trade

It was against this background that the United Kingdom and Denmark (and, initially, Norway) began their negotiations for accession to the EEC. None of the EFTA members wanted to destroy the liberalised trading conditions which had taken twelve years to create, and, long before the final terms of the Treaty of Accession were formulated, EFTA Ministers had repeatedly expressed their strong interest in preserving EFTA free trade so far as possible.

The non-acceding EFTA countries, at first keen spectators of the accession negotiations, became negotiators themselves when they sought Free Trade Agreements (FTA's) with the EEC. Each of the EFTA non-candidates had special reasons for not seeking full EEC membership: Austria, Finland, Sweden and Switzerland had overriding political considerations of neutrality; Portugal and Iceland had no substantial industrial base which could benefit from duty-free access to the EEC and involvement in EEC economic policy; Norway, with a population of about 4 million and a narrow industrial base, had a marginal balance of interest, as demonstrated by the close result of the Norwegian referendum.

It has been suggested that the United Kingdom might itself have negotiated a Free Trade Agreement with the EEC. But the idea of FTA's was developed to accommodate non-acceding EFTA countries and preserve EFTA free trade so far as possible at a time when the UK and Denmark (and Norway) were seeking full membership. Had there been no accession negotiations there is no reason to suppose that the Free Trade Agreements would have been negotiable. Moreover it became clear during the FTA negotiations that each of the EFTA non-acceding countries considered that their Agreement with the EEC fell short of an ideal arrangement. Sweden, for example, the second largest EFTA trading nation after the UK, sought a Customs Union

and close involvement in a number of EEC institutional arrangements. But the EEC members needed to safeguard the interests of their own industries. The FTA's were inevitably limited, since it has always been EEC philosophy that only those countries which accept full membership can expect to participate fully in the affairs of the Community; countries which cannot accept full membership cannot expect to be involved in the formulation of EEC economic policy. There is no reason to suppose that such an arrangement would have suited the interests of the United Kingdom.

The Ministers of 16 European nations signing, in July 1972, a series of Free Trade Agreements linking the enlarged European Economic Community with the member countries of the European Free Trade Association. Photo: European Community Information Service.

Fourteen agreements

The EEC conducted its negotiations not with EFTA as a whole, but separately with each of the seven non-acceding EFTA members. Each country (Austria, Finland, Iceland, Norway, Portugal, Sweden and Switzerland) has concluded two separate agreements. One providing for eventual duty-free trade in industrial goods covered by the Treaty of Rome, and one providing for a similar transition (under the same timetable) towards duty-free trade in the coal and steel products of the European Coal and Steel Community covered by the Treaty of Paris.

The Agreements provide, in principle, for the gradual elimination of tariffs over a 4½-year transitional period between the original six EEC members and the Irish Republic on the one hand and each EFTA non-candidate country on the other; at the same time, virtually all the existing free trade between the EFTA non-candidates and the United Kingdom and Denmark will be preserved. There are special arrangements for trade in certain 'sensitive' products which may have the effect of limiting trade in the short term. For example, the UK and Denmark are required to reimpose duties temporarily on imports of certain EFTA paper products, although, even here, arrangements have been made to preserve the bulk of duty-free trade through a system of tariff-free quotas. Also new rules of origin came into effect on April 1, 1973, which are different from those operated during EFTA. Some goods, which qualified for duty-free treatment under the EFTA rules, will fail to qualify under the new ones if they have been insufficiently processed in the UK, Denmark or the EFTA countries.

The Agreements with Austria, Iceland, Portugal, Sweden and Switzerland were signed, and the Finnish Agreements initialled, on July 22, 1972. Following the Norwegian public's rejection of full EEC membership in their September 1972 referendum, Norway did not begin her negotiations for a Free Trade Agreement until January this year. The negotiations were completed in April and the Agreements were signed on May 14. Finland has yet to sign and ratify her Agreements. This is expected to take place within the next few months.

Most of the main provisions of each set of Agreements are common to all of the texts, but there are a number of special provisions for each individual country. Texts of the Agreements with Austria, Iceland, Portugal, Sweden and Switzerland are available from HMSO in the Miscellaneous Series of Command Papers. Additionally, details of the tariff provisions in the Agreements are contained in 'Britain and the EEC', published as a supplement to *Trade and Industry* (copies available from DTI EEC Information Unit, 1 Victoria Street, London SW1; Tel. 01-222 7877, ext 3591). The Agreements with Finland and Norway will be published as soon as possible after ratification procedures have been completed.

The first move towards duty-free trade between the EEC and the EFTA non-candidates took place on April 1 this year. Since the Norwegian Agreements were concluded more recently, the first step to eliminate duties between Norway and the EEC will be taken on July 1, 1973. The first reduction in Finland/EEC duties will depend on the date of Finland's signature and ratification.

FTA's in the short term

The conclusion of fourteen separate agreements, all of which have an effect on the external trade of the United Kingdom, inevitably causes some initial uncertainty. It may be helpful therefore to record some of the main points from the many questions which have been put to the Department of Trade and Industry in recent months:

Q. Will British traders have to face the reimposition of customs duties on goods formerly traded duty free in EFTA?

A. Existing EFTA free trade will in principle be maintained. There are three main exceptions:

1. Certain goods, primarily those with an agricultural content, which were freely traded in EFTA are excluded from the FTA's and duties will have to be imposed progressively.

2. Import duties of up to 65 per cent of the full CCT will be reimposed during the transitional period on some paper products imported into the United Kingdom from EFTA countries. From July 1, 1977 these duties will be progressively eliminated.

3. Some goods which qualified for duty-free treatment under the EFTA origin rules may fail to satisfy the rules laid down in the EEC/EFTA Agreements, and so become dutiable.

No new duties will be imposed in 1973 in trade between the UK and Denmark on the one hand and the EFTA members on the other.

Q. Which items will be subject to the 'sensitive' product regimes on importation into the enlarged EEC?

A. Paper and paper products in BN Chapters 48 and 49 (except BN 48.09), certain ferro alloys falling under BN 73.02, unwrought aluminium falling un-

der BN 76.01, and certain other base metals falling under BN 78.01, 79.01, 81.01, 81.02, 81.03 and 81.04. These products are common to most of the Free Trade Agreements; others are included in the 'sensitive' lists for specific countries, eg aluminium semi-manufactures (Norway), special steels (Austria and Sweden) and certain textiles (Portugal).

Q. What are the provisions of these regimes, and how will they affect UK imports of these products?

A. The original Six members of the EEC will reduce their tariffs on the sensitive products over a longer period than the normal (4½ years) transitional period. In the case of paper products, this transitional period will be 11 years, and for most other products it will be seven years.

All sensitive products will be subject to so-called indicative ceilings. These ceilings represent levels of imports into the enlarged Community above which any member state or the EEC Commission can ask as of right for the full CCT to be restored for the remainder of the year on the product in question. The UK and the other acceding countries have the same right as the original Six EEC members to trigger the reimposition of duties when the ceilings are reached; the only difference is that, until July 1, 1977, instead of reimposing the full CCT duty, the acceding countries will apply a gradually increasing proportion of the CCT (as they move towards Customs Union).

Q. Are there any 'sensitive' product regimes for imports into the EFTA non-candidate countries of goods originating in the Community and, if so, how will they affect UK exports?

A. The EFTA non-candidates have drawn up their own lists of sensitive products on which they will eliminate duties more slowly than over the normal 4½ years. Iceland has no sensitive list. The lists are unlikely to have any significant effect on United Kingdom exports. It is not expected that any of the EFTA countries will wish to reimpose duties against the United Kingdom or Denmark; the lists apply to imports from the original six EEC members and from the Irish Republic. Austria, for example, has a sensitive list which for practical purposes corresponds almost exactly to the Community's list of sensitive imports from Austria. Finland on the other hand has a particularly long sensitive list, fearing deflection of trade; however, when Finland signs her Agreement, she will separately undertake to levy duties against the UK and Denmark only if it can be demonstrated both that trade deflection has occurred and that Finnish industry has suffered damage.

Q. Will UK trade with Norway be affected by Norway's delay in concluding a Free Trade Agreement with the EEC?

A. The Treaty of Accession does not require the United Kingdom's first move towards the CCT to be made until January 1, 1974. Thus Norway's delay in concluding her FTA does not entail in principle any change in the duty-free arrangements for Anglo-Norwegian trade accorded under EFTA. However, Norway (and Finland—the other EFTA country which has delayed completion of its FTA) adopted the new Free Trade Agreement rules of origin on April 1, 1973. This means that some products traded between the UK and Norway, which satisfied the EFTA origin rules criteria, may not now have sufficient origin content to qualify for duty-free trade.

Q. Are the origin rules of the Free Trade Agreements different from those used in EFTA?

A. Yes. This is a complex subject. Inquiries should be addressed to Department of Trade and Industry, Tariff Division, Kingsgate House, Victoria Street, London SW1 (Telephone 01-222 7877, ext. 2713 or 2750). HM Customs and Excise are responsible for issuing the new documentation required as from April 1, 1973. General inquiries to: HM Customs and Excise, Kings Beam House, Mark Lane, London EC3 (Tel. 01-626 1515 Ext. 2385 or 2165).

Q. What will happen to UK trade in those goods which were freely traded under EFTA but which are not covered by the Free Trade Agreements?

A. This applies mainly to items falling under BN Chapters 1-24. The United Kingdom and Denmark on the one hand, and their former EFTA partners on the other, signed a Protocol at the end of 1972 which provides for transitional timetables for the reimposition of tariffs on those goods which were freely traded in EFTA, but which are not covered by the FTA's. This includes goods freely traded under the Stockholm Convention and those covered by bilateral agreements or unilateral concessions and subsequently extended to all EFTA countries. On most of the products concerned the reimposition of tariffs will begin on January 1, 1974, with a 40 per cent move towards the CCT (by the UK and Denmark) and towards their respective mfn external tariff (by each EFTA member). On certain horticultural products, the UK and Denmark will reimpose duties in 20 per cent stages on January 1 each year from 1974 to 1978 inclusive. There are some exceptions to these provisions: in certain circumstances,

(a) import levies (a variable component of an import duty or charge with equivalent effect) may be introduced where appropriate during the transitional period;

(b) the process of tariff alignment to the CCT by Denmark and the UK, or to mfn duties by the other countries, may be accelerated.

A longer-term view

So, by July 1, 1977, the United Kingdom, Denmark and the Irish Republic will have adopted the EEC Common Customs Tariff and will be in full Customs Union with the original Six. On the same day, the bulk of industrial goods traded between the EEC and the seven EFTA non-acceding countries will also receive duty-free treatment. The industries of sixteen European nations will be competing on an equal footing for business in each of these markets. What does this mean for the UK in 1977 and beyond?

The experiences of the original six members of the EEC, the nine members of EFTA (including Finland) and the two members of the Anglo-Irish Free Trade Agreement (AIFTA) have amply demonstrated the dynamic effect of integrated markets. In the ten years during which the original six EEC members adjusted to duty-free trade, commerce between them multiplied more than four times. In the EFTA transition to duty-free trade (1960-1967), intra-EFTA trade grew by two and a half times and intra-Nordic trade quadrupled. In the seven years since AIFTA was signed (on December 14, 1965), Anglo-Irish trade has grown more than one and a half times.

The existence of three separate trading groups has inhibited the pattern of trading and investment in Western Europe as a whole. Nevertheless, the members of each of these three groups have gained much more than they have lost. Statistics of the United Kingdom's external trade as a member of EFTA (Table 1) and as a member of AIFTA (Table 2) clearly show the advantages gained by UK manufacturers and traders. The EEC/EFTA Agreements now provide the means of uniting these three separate trading groups. A market of sixteen countries and 300 million people (compared with 100 million in EFTA) will provide unparalleled opportunities for those British firms which are competitive and have the determination to seek them out. Already well over 90 per cent of the United Kingdom's trade with Western Europe is being conducted with these countries (Table 3), and past experience strongly suggests that increased integration will produce increased dynamism. British manufacturers and traders now have four years of transition in which to take essential investment decisions which will

TABLE 1. UNITED KINGDOM TRADE WITH EFTA

(£ million)

	Exports			Imports		
	1959	1965	1972	1959	1965	1972
Austria	17.3	36.1	119.4	9.2	24.6	128.2
Denmark	89.3	126.9	238.1	133.5	193.9	348.1
Finland	38.5	73.0	137.2	77.6	116.2	246.6
Iceland	3.1	7.6	13.4	1.7	9.7	9.3
Norway	60.2	88.3	190.2	63.9	105.5	218.6
Portugal	21.3	40.0	111.6	15.8	40.9	125.7
Sweden	115.6	225.7	404.8	128.5	214.5	512.9
Switzerland	55.9	95.3	367.3	40.2	85.9	369.3
Azores	0.5	0.3	0.6	0.1	0.2	0.0
Madeira	0.8	0.8	1.7	0.5	'0.3	0.9

TABLE 2. UNITED KINGDOM TRADE WITH IRISH REPUBLIC

(£ million)

Exports				Imports			
1960	1965	1970	1972	1960	1965	1970	1972
118.9	185.7	381.1	469.3	127.2	170.4	341.4	444.8

TABLE 3. UNITED KINGDOM TRADE WITH WESTERN EUROPE

(£ million)

	Exports					Imports				
	1955	1960	1965	1970	1972	1955	1960	1965	1970	1972
Western Europe of which:	1,008	1,280	2,045	3,734	4,688	1,115	1,470	2,079	3,767	5,365
EEC	651	820	1,294	2,355	2,940	718	942	1,360	2,440	3,524
EFTA	284	361	566	1,065	1,346	328	420	598	1,138	1,611
Remainder	73	99	185	314	402	69	108	121	189	230

1973 basis:

Western Europe comprises EEC, EFTA, together with Continental Shelf (Foreign Part), Greece, Turkey, Yugoslavia, Spain, Canary Islands, Spanish Ports in North Africa, Gibraltar and Malta.

EEC comprises Western Germany, Netherlands, Belgium, Luxembourg, France, Italy, Denmark, Faroes, Greenland, and the Irish Republic.

EFTA comprises Finland, Sweden, Norway (including Spitzbergen), Iceland, Switzerland and Liechtenstein, Portugal, Azores, Madeira and Austria.

have repercussions throughout Western Europe. New patterns of production, distribution and investment will emerge which will lead to increased prosperity in all sixteen countries. As a member of the EEC, the United Kingdom has welded its future to a powerful trading bloc which can speak with authority on world trade matters and help increase global as well as European trade. As a party to the EEC/EFTA Agreements the UK will continue to work for ever closer economic co-operation throughout Europe.

With the single exception of Finland (who wishes to limit her involvement with the EEC because of special political considerations of neutrality), the countries remaining in EFTA have incorporated in their Free Trade Agreements an 'evolutionary' clause which provides for the signatories to discuss the possible development of economic relations to fields outside the scope of the Agreements.

As Europe moves forward into a new phase of economic harmony, one last glance back at the beginnings of EFTA provides a sobering reminder that the Free Trade Agreements are hardly a new idea:

'... The Governments of the countries belonging to the European Free Trade Association are determined to make their organisation an instrument not only for the improvement of their economies and the prosperity of their countries, but for the good of Europe and the world at large. They are convinced that a formula can be found which will avoid the splitting up of Western Europe into two groups, while at the same time safeguarding the independence and the political sovereignty of those countries which prefer to limit the integration process to the economic sphere ...'

These words by Mr. F. T. Wahlen, then Chairman of the EFTA Council, appeared in the first issue of the *EFTA Bulletin* in October 1960!

More information

General inquiries arising from this article should be addressed to Department of Trade and Industry, Commercial Relations and Export Division, Room 361, 1 Victoria Street, London SW1. Tel. 01-222 7877, ext. 2303 or 2305.

Customs and Excise

As the occasion arises, *European Communities Commentary* will include news and comment from HM Customs and Excise on Community developments within its field. The first of these contributions, dealing with Community transit, is published here.

Community transit

The system of Community transit was introduced in the United Kingdom on January 1, 1973, to provide the necessary evidence to enable exports to benefit from the reduced intra-Community customs duties. In addition, it serves as a Community-wide transit system for exports which travel to their destination across a number of national frontiers.

There have been some developments since January 1. These are described in outline below.

Goods in warehouse, in transit, etc, on February 1 and April 1, 1973

On February 1, 1973, the United Kingdom began to operate the EEC Common Agricultural Policy, which involved the payment of charges on agricultural products. The intra-Community rates of import duty for industrial goods were reduced on April 1. **EEC Regulation 217/73** provides for the retrospective issue of movement certificates for such goods which on the operative dates had been exported from a Member State but had not entered into consumption in another Member State (ie, they were, at those dates, in transit, awaiting clearance, in bonded warehouse or in a free zone in the Community). Movement certificates issued under this Regulation will be accepted by the customs authorities of the importing Member State provided that they are produced on or before July 31, 1973.

In the case of agricultural products or goods processed from agricultural products, the movement certificates issued by the six original Member States will normally be form **T2L**, whereas

those issued by the new Member States will be form **T3L**; in special circumstances the Six may issue form T3L. An applicant for a retrospective T3L for goods exported from the United Kingdom should quote the serial number and export port of the export entry and the name and date of departure of the ship (or flight number and date of departure of aircraft).

Guarantee waiver under Article 40 of Regulation 542/69

A guarantee normally has to be provided in the Member State of departure for goods which are to be moved under the full Community transit (CT) procedure, but in some instances this requirement may be waived. **Article 40** of **EEC Regulation 542/69** allows a guarantee to be dispensed with for the movement of certain goods between the customs office of departure in the first Member State and the first office of transit (the customs office through which the goods enter the next Member State), and if, consequently, no guarantee is given at the office of departure, the guarantee details on the CT documents (Box 1 of form T1, T2 or T3) are shown as 'Not required (Article 40)'. It was initially understood that where this procedure was followed a guarantee could, if necessary, be given at the office of transit to cover the onward movement of the goods. It has since been learned that Continental offices of transit will not in fact allow guarantees to be given in these circumstances, and will instead insist on the termination of the movement. It follows, therefore, that, where a guarantee is needed for any part of the transit operation, it must be provided at the office of departure and the details given on the T form in the usual way, whether or not the Article 40 waiver can be applied to the first stage of the movement. The endorsement 'Not required (Article 40)' can be used only if the guarantee is waived under Article 40 for the first stage and no guarantee is required for any subsequent stage of the operation.

Modified procedures under EEC Regulation 1226/71

It is now possible for consideration to be given to applications from United Kingdom exporters (but not agents or freight forwarders) to use the modified Community transit procedures laid down by **EEC Regulation 1226/71.**

At this stage only applications from exporters who are regularly using the full CT procedure (other than for revenue duty goods) will be considered. Applications should be addressed to Collectors of Customs and Excise dealing with the premises from which the goods are removed for exportation. Regulation 1226/71 does not apply to movement certificates (forms T3L).

Loading lists

A draft EEC Regulation which is expected to become operative on July 1 will authorise the use of commercial loading lists as an optional alternative to continuation **(T BIS)** forms for movements taking place under the full Community transit procedure. (The official T BIS forms will continue to be available free of charge.) Commercial loading lists used under the Regulation will have to conform to a prescribed size and layout. Details will be given in a Customs Notice which will be available about the end of June.

Advice on Community transit

Advice on Community transit may be obtained at any of the Customs Community Transit offices. There is a list of these offices in **Customs Notice No. 750A,** which is available free of charge from any Custom House or from any Collector of Customs and Excise. Anyone in doubt on how to complete a Community transit form is particularly encouraged to seek guidance. If the form is incorrectly completed, the goods may not benefit from reduced duties when imported into other Member States.

The Community and the environment

'Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners. It should result in an improvement of the quality of life as well as standards of living. As befits the genius of Europe, particular attention will be given to intangible values and to protecting the environment, so that progress may really be put at the service of mankind.' So ran the declaration of the Heads of State of the Nine when they met in Paris in October last year. The summit declaration went on to stress the value of a Community environment policy, and requested the Community Institutions to 'draw up a programme of action, with a precise timetable, before July 31, 1973'.

How far has the United Kingdom been involved in the development of an EEC environmental policy? What stage have we now reached? What will the programme of action contain? How will it affect British industry? In this, and in future articles, we will attempt to answer these questions and to report on the latest developments on the European environmental scene, as it will become increasingly important for British industry to keep up-to-date on the development of environmental policies and programmes within the EEC, and be in a position to influence events. Below we outline the background to the EEC's involvement in environmental matters.

Although the Treaty of Rome set up in 1958 a European *Economic* Community, to establish a common market and to promote a harmonious development of economic activities, in the Preamble to the Treaty the signatories agreed that an essential objective was the 'constant improvement of the living and working conditions of their peoples'. So EEC action to improve the European environment is certainly not out of place amongst all its other activities. Some 'environmental' work has already been carried through, for instance under programmes designed to reduce technical barriers to trade by promoting common product standards. The concrete results of this have been directives on exhaust emission levels from motor vehicles and on the biodegradability of detergents. It was not until 1971, however, that the European Commission put forward to the Council of Ministers a proposal for a comprehensive EEC environmental policy framework. The proposed framework was subsequently remitted for discussion (in March 1972) to an ad hoc group on the environment set up by the Council of Ministers. The group was composed of representatives of the existing Member States and the Acceding States, including the United Kingdom. Hence we have been actively participating in the discussions since the start. As the July 31 deadline approaches, these discussions are drawing to their close.

(continued on page 16)

'Britain and the EEC' and 'Preparing for Europe'

Two series of articles of importance to all businessmen, reprinted from 'Trade and Industry'.

'Britain and the EEC', revised in September 1972, includes an explanation of the transitional arrangements for industrial tariffs, a summary of DTI sources of assistance in developing exports to the enlarged Community and an important article about the secondary legislation of the EEC. An article summarising the provisions of the free trade agreements signed between the EEC and certain EFTA countries has also been included.

'Britain and the EEC' is a continuing series and a number of articles have appeared since the publication of the booklet. These are:

Company law provisions of the European Communities Act.
Europe for small firms: The first impact.
Anti-dumping and the EEC.
Fair competition in the EEC: notification of restrictive agreements.

The articles in 'Preparing for Europe' show how British firms in a cross-section of industries have geared themselves for the enlarged European Community.

Some have anticipated entry for several years and are now consolidating their position. Others have turned their attention to Community markets for the first time, or have prepared a big push to gain a firmer foothold.

Copies of 'Britain and the EEC', 'Preparing for Europe' and individual articles can be obtained free of charge from: EEC Information Unit, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Tel: 01-222 7877, ext. 3591.

Economic Indicators of the EEC

These tables have been prepared for the convenience of users who do not have access to the sources themselves; international publications (as indicated) have been used, supplemented by later reports where possible. In addition to the Member States of the EEC, the United States and Japan have been included for comparison.

The form of presentation adopted—indicators by subject—is for convenience only, and it must not be assumed that the indicators in the same table for different countries are strictly comparable. An attempt has been made to indicate major differences of definition, but the coverage and methods of collection vary considerably; this is partly due to different administrative procedures in various countries. Fuller details may be obtained from the sources indicated, and from the national publications of the countries concerned.

An extensive bibliography—'Sources of Statistics: 2. The European Economic Community'—which lists publications in the Statistics and Market Intelligence Library of the Department of Trade and Industry, is obtainable on request to the library at Export House, 50 Ludgate Hill, London EC4M 7HU (Tel: 01-248 5757, ext. 368). 'Statistical News' No. 21 (May 1973), published by the Central Statistical Office, contains a selected bibliography of statistical publications of the Commission of the European Communities.

TABLE 1. INDUSTRIAL PRODUCTION
(Excluding construction) Seasonally adjusted

Indices 1963 = 100

	Belgium	Luxembourg	France[1]	German F.R.	Ireland[2]	Italy	Netherlands	United Kingdom	EEC[3]	*United States*	*Japan*
Weights in EEC	3.8	0.3	23.1	31.4	0.6	11.8	3.8	25.1	100.0	—	—
Weights in total	1.4	0.1	8.6	11.7	0.2	4.4	1.4	9.4	37.4	*56.3*	*6.3*
1968	119	112	126	127	142	136	143	119	126	*138*	*190*
1969	131	127	142	144	153	141	160	123	138	*145*	*222*
1970	135	127	150	153	157	150	176	125	145	*139*	*256*
1971	139	126	159	156	164	147	188	126	149	*140*	*270*
1972	147	131	170	161		150		130		*150*	*284*
1971 1st quarter	139	122	156	157	163	149	185	126	148	*138*	*268*
2nd quarter	139	128	155	157	163	144	187	126	148	*140*	*265*
3rd quarter	138	128	161	156	162	143	188	126	148	*139*	*274*
4th quarter	139	126	164	153	167	151	190	126	149	*140*	*274*
1972 1st quarter	145	125	166	158	167	149	197	122	151	*144*	*272*
2nd quarter	146	130	168	161	166	148	202	130	154	*148*	*278*
3rd quarter	142	133	172	160	171	145	202	132	155	*150*	*285*
4th quarter	153	138	176	167		157		135		*155*	*300*
1972 January	147	125	166	160		152	194	125	152	*142*	*269*
February	143	124	165	156		149	197	114	148	*144*	*272*
March	147	125	167	159		147	201	127	153	*145*	*276*
April	141	131	167	161		145	202	129	153	*147*	*275*
May	146	129	170	162		150	203	131	156	*148*	*279*
June	150	130	169	158		150	200	130	154	*148*	*280*
July	134	130	172	160		146	199	132	155	*149*	*279*
August	144	135	172	157		143	201	132	154	*150*	*287*
September	149	133	173	161		147	205	133	156	*152*	*289*
October	152	137	172	164		158	205	134		*154*	*293*
November	154	136	177	166		156	207	135		*155*	*298*
December	154	140	177	169		158		136		*156*	*307*
1973 January			182	170		151		135		*157*	*317*
February			184	173				138		*158*	*317*
March										*159*	
% change latest three months:											
On previous three months	+ 7.7	+3.8	+4.0	+4.3	+3.0	+3.8	+2.8	+ 1.7	+0.6	*+1.9*	*+ 6.9*
On a year earlier	+10.1	+9.5	+9.7	+8.0	+5.6	+2.2	+7.9	+12.1	+4.7	*+9.7*	*+16.2*

[1] Excluding clothing, wood products and furniture.
[2] Mining and manufacturing only.
[3] Excluding Denmark.

Source: 'OECD Main Economic Indicators'

TABLE 2. UNEMPLOYMENT

Indices 1963 = 100

	Belgium[1,2]	Denmark[1,3]	France[2,4]	German F.R.[5]	Ireland[1]	Italy[6]	Netherland[2,5]	United Kingdom[5]	*United States*[6]	*Japan*[7]
1968	176	122	262	174	123	138	283	114	*69*	*133*
1969	144	97	230	96	120	132	221	113	*70*	*128*
1970	120	75	270	80	140	122	192	120	*100*	*123*
1971	120	94	347	101	140	122	258	155	*123*	*137*
1972	147	94	392	133	160	139	450	170	*119*	*146*
1971 1st quarter	115	69	326	84	133	118	204	133	*122*	*129*
2nd quarter	115	94	339	101	133	125	233	151	*122*	*135*
3rd quarter	120	100	357	113	140	120	271	162	*123*	*141*
4th quarter	129	113	372	123	157	124	333	175	*124*	*149*
1972 1st quarter	137	103	385	115	160	129	396	178	*123*	*146*
2nd quarter	144	106	394	145	160	138	488	176	*121*	*147*
3rd quarter	151	94	399	154	163	147	508	169	*119*	*150*
4th quarter	156	75	392	141	160	143	454	158	*113*	*144*
1972 January	136	109	380	110	160		363	176	*124*	*146*
February	137	113	386	120	160		400	178	*121*	*145*
March	141	91	388	113	157		421	180	*124*	*145*
April	142	103	396	138	157		467	180	*122*	*139*
May	144	113	396	149	160		488	176	*122*	*149*
June	147	100	389	147	163		508	173	*118*	*153*
July	149	97	392	152	163		496	171	*118*	*148*
August	151	91	399	155	163		517	167	*120*	*153*
September	154	88	406	155	163		513	169	*118*	*150*
October	159	78	397	153	160		492	164	*119*	*146*
November	157	75	390	144	160		467	159	*111*	*148*
December	152	72	388	126	160		404	151	*110*	*137*
1973 January	150	38	380	105	153		388	146	*107*	*136*
February	150	22	375	113	150		417	139	*109*	*133*
March		31	376	120	147		458	133	*108*	
Rate %[8]	2.3		1.7	0.7		3.6	2.2	3.1	*5.0*	*1.1*
% change latest three months:										
On previous three months	− 3.8	−59.6	−4.8	−20.1	−6.2	− 2.7	−7.3	−11.8	*− 4.4*	*−8.6*
On a year earlier	+11.6	−70.6	−2.1	− 2.0	−6.2	+15.3	+6.3	−21.7	*−12.2*	*−7.7*

Note: Figures of total unemployment and unemployment rates are very sensitive to the particular measures used and the sources from which they are obtained. The figures in this table to a large extent reflect the different administrative systems and social-security provisions of the countries concerned.

[1] Insured unemployed. [2] Change of basis during period. [3] Monthly data are weekly averages. [4] Unfilled applications. [5] Registered unemployed. [6] Based on results of sample survey. [7] Unemployment-insurance beneficiaries. [8] Numbers in latest month available as % of total employees (UK) and of total labour force (others).

Source: 'OECD Main Economic Indicators'.

TABLE 3. EXPORTS (fob)
Special trade, seasonally adjusted

US$ million*

	Belgium/ Luxembourg	Denmark[1]	France	German F.R.	Ireland[1]	Italy	Netherlands	United Kingdom[1]	EEC	*United States*[1]	*Japan*[1]
1968	8,160	2,580	12,708	24,840	792	10,188	8,340	15,348	64,236	*34,416*	*12,972*
1969	10,068	2,952	15,024	29,052	888	11,724	9,960	17,520	97,200	*37,992*	*15,984*
1970	11,592	3,288	17,940	34,188	1,032	13,188	11,772	19,356	112,356	*43,224*	*19,320*
1971	12,300	3,612	20,520	39,036	1,308	15,120	14,016	22,356	128,280	*44,136*	*24,012*
1972	15,576	4,332	25,740	46,248	1,620	18,528	16,356	24,348	152,741	*49,680*	*28,596*
1971 1st quarter	2,862	831	4,791	9,237	315	3,561	3,288	4,884	29,763	*11,451*	*5,568*
2nd quarter	2,904	921	5,022	9,561	327	3,519	3,342	5,523	31,119	*11,193*	*5,916*
3rd quarter	3,177	900	5,322	10,179	321	3,921	3,558	5,799	33,180	*11,766*	*6,132*
4th quarter	3,141	960	5,442	10,041	348	4,161	3,774	6,048	33,918	*9,822*	*6,384*
1972 1st quarter	3,570	1,050	5,871	11,064	369	4,407	3,969	6,048	36,348	*11,982*	*6,711*
2nd quarter	3,831	1,110	6,516	11,520	393	4,464	4,131	6,312	38,280	*11,733*	*6,639*
3rd quarter	3,909	1,035	6,369	11,256	411	4,548	4,020	5,391	36,936	*12,516*	*7,281*
4th quarter	4,308	1,137	7,011	12,308	435	5,131	4,277	6,573	41,177	*13,473*	*7,872*
1972 January	1,248	366	1,964	3,670	112	1,436	1,346	1,997	12,141	*4,182*	*2,238*
February	1,144	347	1,902	3,799	127	1,466	1,272	2 055	12,111	*3,857*	*2,204*
March	1,178	337	2,007	3,595	131	1,504	1,349	1,997	12,097	*3,943*	*2,269*
April	1,200	335	2,134	3,716	112	1,504	1,368	2,021	12,390	*3,804*	*2,309*
May	1,295	409	2,182	3,971	130	1,443	1,409	2,120	12,960	*3,977*	*2,182*
June	1,335	367	2,201	3,833	151	1,516	1,355	2,171	12,929	*3 352*	*2,147*
July	1,188	357	2,026	3,485	140	1,589	1,239	1,962	11,985	*4,086*	*2,346*
August	1,371	330	2,027	3,987	128	1,442	1,441	1,302	12,029	*4,228*	*2,391*
September	1,349	347	2,317	3,786	143	1,517	1,339	2,126	12,923	*4,201*	*2,542*
October	1,420	385	2,333	4,224	146	1,604	1,366	2,306	13,785	*4,452*	*2,495*
November	1,329	374	2,332	4,056	138	1,529	1,438	2,149	13,383	*4.510*	*2,607*
December	1,561	377	2,346	4,028	151	1,998	1,473	2,094	14,011	*4.511*	*2,769*
1973 January	1,382	406	2,414	4,650	134	1,452	1,771	2,208	14,407	*5.057*	*2,593*
February		470	2,494	4,848			1,908	2,328		*5,137*	*3.054*
March			2,663					2,320		*5,432*	*2,667*
April								2,536			
% change latest three months											
On previous three months	3.2	13.0	8.0	12.0	1.4	9.1	24.4	11.4	7.9	*16.0*	*5.6*
On a year earlier	28.2	21.3	29.0	23.9	18.8	15.4	30.9	18.3	19.7	*30.4*	*23.9*

[1] General trade.

* All values are expressed in US dollars, making use of IMF parity rates as quoted in 'OECD Main Economic Indicators'.

Source: United Kingdom: Department of Trade and Industry
All others: 'OECD Main Economic Indicators'.

TABLE 4. IMPORTS (cif)
Special trade, seasonally adjusted

US$ million*

	Belgium/ Luxem-bourg	Den-mark[1]	France	German F.R.	Ireland[1]	Italy	Nether-lands	United Kingdom[1]	EEC	*United States*[1,2]	*Japan*[1]
1968	8,304	3,216	13,980	20,148	1,176	10,248	9,288	18,960	61,980	*33,108*	*12,984*
1969	9,984	3,804	17,388	24,924	1,416	12,444	10,992	19,956	75,744	*36,048*	*15,024*
1970	11,352	4,380	19,116	29,808	1,572	14,940	13,392	21,720	88,620	*39,960*	*18,876*
1971	12,672	4,584	21,240	34,344	1,836	15,984	15,192	23,940	99,444	*45,600*	*19,704*
1972	14,880	5,040	26,568	39,816	2,112	19,272	17,040	27,852	152,580	*55,560*	*23,472*
1971 1st quarter	2,949	1,107	5,004	8,073	495	4,014	3,603	5,718	30,963	*10,953*	*4,926*
2nd quarter	3,027	1,083	5,193	8,393	438	3,818	3,651	5,937	31,581	*11,829*	*4,941*
3rd quarter	3,117	1,116	5,493	8,805	447	3,960	3,867	5,994	32,799	*11,946*	*4,728*
4th quarter	3,303	1,167	5,559	9,096	459	4,212	4,047	6,363	34,212	*10,911*	*5,112*
1972 1st quarter	3,567	1,197	6,405	9,414	501	4,452	4,080	6,879	36,498	*13,479*	*5,409*
2nd quarter	3,627	1,116	6,528	10,005	510	4,644	4,227	6,993	37,650	*13,479*	*5,463*
3rd quarter	3,741	1,317	6,594	9,825	504	4,842	4,209	6,585	37,619	*13,995*	*5,961*
4th quarter	3,975	1,362	7,131	10,518	600	5,364	4,638	7,530	41,121	*14,823*	*6,615*
1972 January	1,225	397	2,065	2,969	164	1,424	1,348	2,171	11,763	*4,563*	*1,725*
February	1,107	413	2,194	3,270	158	1,446	1,362	2,312	12,262	*4,430*	*1,756*
March	1,233	386	2,147	3,175	180	1,582	1,370	2,397	12,469	*4,485*	*1,929*
April	1,183	370	2,096	3,186	158	1,529	1,500	2,342	12,364	*4,476*	*1,916*
May	*1,186*	382	2,366	3,484	171	1,631	1,346	2,324	12,891	*4,493*	*1,872*
June	1,258	363	2,065	3,337	182	1,482	1,383	2,326	12,395	*4,509*	*1,673*
July	1,133	455	2,106	3,080	161	1,607	1,346	2,000	11,887	*4,584*	*1,758*
August	1,313	417	2,164	3,426	152	1,656	1,461	1,927	12,516	*4,699*	*2,100*
September	1,294	444	2,324	3,319	191	1,580	1,402	2,659	13,613	*4,711*	*2,103*
October	1,280	470	2,319	3,461	190	1,721	1,600	2,571	13,513	*4,782*	*2,101*
November	1,365	480	2,311	3,516	185	1,532	1,535	2,509	13,444	*5,073*	*2,200*
December	1,329	412	2,502	3,540	224	2,112	1,504	2,436	14,056	*4,969*	*2,313*
1973 January	1,536	554	2,505	3,644	198	1,650	1,689	2,566	14,345	*5,286*	*2,253*
February		519	2,696	4,203			1,772	2,666		*5,494*	*2,440*
March			2,783					2,987		*5,406*	*2,677*
April								2,871			
% change latest three months:											—
On previous three months	8.8	6.5	12.0	10.6	13.9	6.8	9.4	13.5	6.4	*9.2*	*11.4*
On a year earlier	23.9	25.7	24.7	20.7	28.1	24.4	22.6	20.9	20.8	*20.1*	*36.3*

[1] General trade. [2] Fob.
* All values are expressed in US dollars with the use of IMF parity rates as quoted in 'OECD Main Economic Indicators'.
Source: United Kingdom; Department of Trade and Industry. All others: 'OECD Main Economic Indicators

TABLE 5. BALANCE OF PAYMENTS ON CURRENT ACCOUNT

US$ million (unadjusted)

	Belgium/ Luxem-bourg	Den-mark	France	German F.R.	Ireland	Italy	Nether-lands	United Kingdom	*United States*	*Japan*
1968	36	−216	−1,089	2,726	− 62	2,627	65	−650	*− 484*	*1,048*
1969	84	−410	−1,818	1,609	−191	2,339	14	1,066	*−1,035*	*2,119*
1970	748	−544	− 152	730	−188	761	−438	1,651	*356*	*1,970*
1971	874	−449	527	175	420	1,846	−172	2,558	*−2,847*	*5,797*
1972	1,113			529				45	*−7,983*	
1971 1st quarter	156	−194	− 36	210		−125	−153	166	*710*	*434*
2nd quarter	232	−127	125	− 68		245	−175	838	*− 657*	*1,262*
3rd quarter	189	− 31	13	−232		1,158	50	851	*−2,245*	*2,100*
4th quarter	297	− 97	425	265		568	106	703	*− 657*	*2,001*
1972 1st quarter	279	− 42	− 314	61		478	5	−120	*−1,789*	*959*
2nd quarter	215	57	455	− 72		756	268	450	*−2,444*	*1,225*
3rd quarter	235	− 41	− 10	−470		904	382	−335	*−3,092*	*2,095*
4th quarter	384			1,010				50	*− 658*	

Source: UK: Central Statistical Office. All others: IMF International Financial Statistics

TABLE 6. EXPORT UNIT VALUES OF MANUFACTURES

Indices 1963 = 100

	Belgium/ Luxem-bourg		France		German F.R.		Ireland	Italy		Nether-lands		United Kingdom		*United States*	*Japan*	
	US$	Bfrs.	US$	frs.	US$	D.M.		US$	lire	US$	Gdrs.	US$	£	US$	US$	Yen
1968	103	103	109	109	102	102		99	99	101	101	104	121	*113*	*101*	*101*
1969	107	107	110	124	107	98		103	103	103	103	107	125	*118*	*106*	*106*
1970	113	113	113	127	116	106		108	108	106	106	115	134	*124*	*112*	*112*
1971	114	111	120	134	125	109		117	114			127	147	*127*	*118*	*114*
1972														*130*		
1971 1st quarter	110	110	116	130	117	107		112	112			121	141	*128*	*113*	*113*
2nd quarter	111	111	118	133	121	108		113	113			124	145	*127*	*116*	*116*
3rd quarter	114	111	120	135	129	110		115	114			129	149	*125*	*119*	*117*
4th quarter	[121]	[112]	123	138	133	110		118	115			135	151	*128*	*122*	*111*
1972 1st quarter			129	134	137	110		123	115			142	153	*129*	*126*	*108*
2nd quarter			129	134	137	110		123	115			144	155	*130*	*132*	*113*
3rd quarter			132	137								138	158	*129*	*134*	*115*
4th quarter														*132*		
% change latest 3 months:																
On previous 3 months	+ 6.1	+0.9	+ 2.3	+2.2	Nil	Nil		Nil	Nil			−4.2	+1.9	+2.3	+ 1.5	+1.8
On a year earlier	+10.0	+1.8	+10.0	+1.5	+13.2	+1.9		+8.8	+1.8			+7.0	+6.0	+3.1	+12.6	−1.7

Source: Dollar value: 'United Nations Monthly Bulletin'. National currency: Dollar values converted at OECD exchange rates.

TABLE 7. CONSUMER PRICES
All goods and services, seasonally adjusted

Indices 1963 = 100

	Belgium[1]	Luxembourg[1]	Denmark	France[2]	German F.R.	Ireland	Italy	Netherlands	United Kingdom	*United States*	*Japan*[2]
1968	119	115	137	117	113	125	119	126	121	*114*	*127*
1969	124	118	143	124	116	134	122	135	127	*120*	*134*
1970	129	124	151	131	121	145	128	141	135	*127*	*145*
1971	134	129	160	139	127	158	134	152	148	*132*	*153*
1972	142	136	170	147	134	172	142	164	159	*137*	*160*
1971 1st quarter	132	127	156	135	124	152	132	147	143	*130*	*150*
2nd quarter	133	129	159	137	126	157	133	151	148	*132*	*153*
3rd quarter	135	130	161	139	127	160	134	153	150	*133*	*154*
4th quarter	137	132	164	141	129	163	136	156	152	*134*	*156*
1972 1st quarter	139	133	166	143	131	167	138	159	154	*135*	*157*
2nd quarter	140	135	169	145	133	169	140	163	157	*136*	*160*
3rd quarter	143	137	172	148	135	174	142	164	160	*137*	*161*
4th quarter	145	139	175	151	137	176	146	169	163	*138*	*163*
1972 January	138	133	165	142	131		137	158	153	*134*	*156*
February	139	133	165	143	131	167	138	159	154	*135*	*156*
March	139	133	167	144	132		138	161	155	*135*	*158*
April	139	134	168	144	132		139	163	156	*135*	*159*
May	140	134	169	145	133	169	140	163	157	*136*	*160*
June	141	136	170	146	134		141	164	158	*136*	*160*
July	142	137	171	147	134		141	163	158	*137*	*160*
August	142	137	171	148	134	174	142	164	160	*137*	*161*
September	143	138	173	149	136		144	166	161	*138*	*162*
October	144	139	174	150	136		145	168	163	*138*	*163*
November	145	139	175	151	137	176	146	169	163	*138*	*163*
December	146	140	176	152	138		147	169	164	*139*	*164*
1973 January	147	140	176	152	139		148	170	165	*139*	*165*
February	148	141	178	152	140	183	149	171	167	*140*	*167*
March	149	142	179	152	141		152	172	168	*141*	*171*
% change latest three months:											
On previous three months	+2.1	+1.4	+1.5	+0.7	+2.2	+4.0	+2.7	+1.2	+2.2	*+1.4*	*+2.9*
On a year earlier	+6.5	+6.0	+7.0	+6.3	+6.9	+9.6	+8.7	+7.5	+8.2	*+3.7*	*+6.8*

[1]Excluding rent. [2]Change of basis during period.

Source: 'OECD Main Economic Indicators'

TABLE 8. VALUE OF RETAIL SALES
Current prices, seasonally adjusted

Indices 1963 = 100

	Belgium[1]/ Luxembourg	Denmark	France[2]	German F.R.[3]	Ireland[4]	Italy[1]	Netherlands	Great Britain[5]	*United States*	*Japan*
1968	136	156	130	131	134	137	151	128	*138*	*187*
1969	148	171	142	144	149	149	168	134	*143*	*208*
1970	164	191	147	160	162	164	188	144	*148*	*234*
1971	176	207	152	177	180	177	206	156	*166*	*256*
1972	200	229	161	192	203	195	224	175	*181*	*275*
1971 1st quarter	166	198	146	174	176	172	197	148	*160*	*246*
2nd quarter	173	205	152	177	179	174	204	154	*164*	*251*
3rd quarter	181	209	154	179	180	179	208	159	*168*	*263*
4th quarter	183	215	156	181	186	182	215	163	*171*	*264*
1972 1st quarter	193	218	155	188	195	186	219	166	*173*	*260*
2nd quarter	196	223	158	190	199	184	218	170	*179*	*266*
3rd quarter	208	234	165	196	203	199	226	178	*183*	*281*
4th quarter	202	235	164	196	214	208	230	185	*190*	*290*
1972 January	186	211	151	192	188	178	206	165	*170*	*259*
February	193	218	153	190	192	185	218	165	*172*	*260*
March	199	226	161	183	204	194	232	166	*177*	*260*
April	185	221	152	187	192	184	208	167	*177*	*262*
May	195	225	158	190	201	186	218	169	*181*	*267*
June	208	224	163	192	203	182	228	172	*179*	*270*
July	199	229	164	192	199	183	213	177	*182*	*279*
August	202	234	166	202	202	202	233	179	*185*	*280*
September	223	239	164	194	206	212	232	179	*184*	*283*
October	197	237	172	201	225	198	232	183	*190*	*284*
November	198	233	158	192	208	209	235	184	*188*	*291*
December	211	235	162	196	208	217	224	188	*191*	*295*
1973 January		245	159	207	224	199		188	*197*	*306*
February		241	163	215				195		*313*
% change latest three months:										
On previous three months	− 2.9	+ 1.7	−2.0	+ 5.3	+ 1.1	+ 2.1	+1.8	+ 4.6	*+ 6.3*	*+ 6.5*
On a year earlier	+10.4	+12.8	+5.9	+10.6	+13.9	+15.7	+7.0	+15.8	*+16.8*	*+17.0*

[1]Department stores. [2]Department and chainstores. [3]Excluding West Berlin. [4]Average weekly sales. [5]Excluding motor vehicles.

Source: 'OECD Main Economic Indicators'.

TABLE 9. EARNINGS/WAGES PER HEAD IN MANUFACTURING
Seasonally adjusted

Indices 1963=100

	Belgium/ Luxem-bourg	Den-mark[1, 2]	France	German F.R.[7, 8]	Ireland[3]	Italy[8]	Nether-lands* [4]	United Kingdom	*United States*[5]	*Japan*[6]
1968	147	166	140	142	149	139	162	136	*123*	*174*
1969	160	185	155	157	168	147	177	148	*130*	*203*
1970	174	205	171	180	195	178	198	167	*137*	*239*
1971	193	236	186	200	227	201	222	186	*144*	*271*
1972			204	218		222		209	*155*	*314*
1971 1st quarter	187	220	179	195	215	195	212	178	*142*	*259*
2nd quarter	191	233	184	198	223	199	217	183	*144*	*268*
3rd quarter	194	241	187	204	231	203	226	188	*145*	*279*
4th quarter	200	249	192	203	238	206	232	192	*147*	*281*
1972 1st quarter	210	252	197	210	249	213	242	197	*151*	*297*
2nd quarter	214	263	202	215	256	216	246	205	*154*	*310*
3rd quarter	221	266	206	220	263	225	254	213	*156*	*316*
4th quarter	226		212	227		233	256	221	*159*	*331*
1973 1st quarter							266		*162*	
% change latest three months:										
On previous three months	+ 2.3	+ 1.1	+ 2.9	+ 3.2	+ 2.7	+ 3.7	+3.9	+ 3.8	*+1.7*	*+ 4.7*
On a year earlier	+13.0	+10.4	+10.4	+11.8	+13.9	+13.1	+9.9	+15.1	*+7.3*	*+17.8*

* Not seasonally adjusted

[1]Earnings in industry and construction. [2]Including bonuses. [3]Earnings. [4]Hourly earnings industry: males. [5]Gross hourly earnings per productive worker. [6]Monthly earnings in manufacturing: regular workers. [7]Wages and salaries per employed person in industry, excluding construction, public gas and electricity undertakings. [8]Hourly-rates times average daily hours worked.

Source: All countries 'OECD Main Economic Indicators', except German Federal Republic ('Deutscher Bundesbank, Reihe4'), Italy ('I.L.O. Yearbook' and M.E.I.') and United Kingdom (Department of Employment Gazette).

The Community and the environment

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What has the British input been? Earlier in the discussions the United Kingdom submitted a Memorandum entitled 'A Policy for the European Environment', setting out our views on how we thought such a policy might be framed. The Memorandum advocated the adoption of some general principles which the Community might follow as a guiding influence for their work on the environment:

First, increased efforts must be made to protect and improve the European environment. Priority should go to cleaning the rivers, reducing noise and agreeing common standards for internationally-traded products such as motor vehicles.

Second, the environment, with its varying capacity to absorb wastes and render them harmless, should be treated as an invaluable natural resource—to be used, but not mis-used.

Third, the principle that 'the polluter pays' should be adopted by the entire Community, and ways and means of applying it should be studied. This was necessary to avoid serious economic distortions between member countries.

Fourth, advantage must be taken of advances in technology. Far from damaging the environment, new technology can make the fight against pollution more effective or economic, allowing more efficient use of energy and natural resources.

Fifth, selectivity is important. There is a lot to be done, but resources are limited; the Community must therefore concentrate on carefully chosen priorities.

Sixth, in the wider world Europe must speak on environmental questions with the added weight and authority that stems from a common view-point.

The Memorandum also suggested that priority might be given to collaboration in research into the effects of pollutants and collaboration in surveys and monitoring the state of the environment.

On the basis of this and other memoranda submitted by Member States, and of discussions held to date, the Commission has recently published revised proposals for the environmental programme. These range very widely over measures to control pollution and nuisances and to improve the quality of life—including studies of urban and countryside planning, conservation, environmental education and improvement in working conditions. It is too early to say in detail what the final programme will look like. What is important to stress is that the programme finally agreed will be in the nature of a general framework, and will not contain binding regulations or directives. After this framework has been established, however, there will be continuing discussions on the precise detail of the programme, and there will thus be further opportunities for the United Kingdom to influence the direction of Community policies. Expert working groups will be set up to discuss particular issues, and here the United Kingdom will have an important part to play.

Industry will be kept in touch with events by DTI and DoE, and through articles in *European Communities Commentary*; feedback from industry will be welcomed through advisory committees where these exist, or through the appropriate DTI and DoE divisions co-ordinating the Government's policy and activities.

For further information on how EEC environmental policies may affect your firm, contact your sponsoring division in DTI, or consult your copy of *Europe: a Checklist*. **The** *Checklist* **is available free from: 'Europe Checklist', PO Box 686, London SW2O 8TB.**

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